

Message Text

LIMITED OFFICIAL USE

PAGE 01 ADDIS 03503 01 OF 02 101344Z
ACTION AF-10

INFO OCT-01 ISO-00 L-03 EB-08 TRSE-00 FCSC-01 COME-00
OMB-01 AID-05 CIAE-00 INR-10 NSAE-00 SCS-06 CA-01
/046 W

-----027302 101421Z /46

R 101235Z AUG 78
FM AMEMBASSY ADDIS ABABA
TO SECSTATE WASHDC 9347

LIMITED OFFICIAL USE SECTION 1 OF 2 ADDIS ABABA 3503

E.O. 11652: N/A

TAGS: EINV, ET, US

SUBJ: CURRENT STATUS OF US COMPENSATION CLAIMS IN ETHIOPIA

SUMMARY. THIS TELEGRAM SUMMARIZES THE CURRENT STATUS OF EACH AMERICAN COMPENSATION CLAIM IN ETHIOPIA PRESENTLY KNOWN TO THE EMBASSY AND REPLACES THE LIST IN ENCLOSURE TO EMBASSY AIRGRAM A-014. REFERENCES BELOW ARE TO THE NUMBERED PARAGRAPHS IN THAT ENCLOSURE. END SUMMARY.

1. AIRCRAFT CLAIMS. THERE ARE SIX AIRCRAFT CLAIMS KNOWN TO THE EMBASSY: NOS. 2, 3, 14, 15, 16 AND 19. THE FOREIGN OFFICE STATES THAT ONLY CLAIMS 2 AND 3 HAVE BEEN FORMALLY FILED WITH THE ETHIOPIAN COMPENSATION COMMISSION. THERE ARE NO VALUES FOR THE POSSIBLE CLAIMS OF OWNERS 15, 16 AND 19, AND THE EMBASSY IS NOT AWARE THAT ANY AMERICAN GOVERNMENT OFFICIAL HAS RECENTLY BEEN IN TOUCH WITH ANY AIRCRAFT OWNER EXCEPT CLYDE ADAMS OF AXUM AIR (NO. 3 :-8.). THEORETICALLY, THE AIRCRAFT CLAIMS SHOULD BE THE EASIEST TO SETTLE BECAUSE THE OWNERS APPARENTLY RECEIVED RECEIPTS FROM ETHIOPIAN AIRLINES FOR THE VALUE OF THE AIRCRAFT AND SPARE PARTS WHEN THE AIRCRAFT WERE TURNED OVER. THE CURRENT GENERAL MANAGER OF EAL, BGEN TAFESSE AYALEW, STATED THAT THESE AIRCRAFT WERE TRANSFERRED FROM EAL TO ADMAS AIR, A NEW ORGANIZATION CREATED IN PART TO RECEIVE AND OPERATE GENERAL AVIATION AIRCRAFT

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 ADDIS 03503 01 OF 02 101344Z

ACQUIRED BY THE ETHIOPIAN GOVERNMENT. THE AXUM AIR CLAIM (NO 3) MAY NOT BE EASY TO SETTLE BECAUSE THE AUDITED VALUE IN THE JOINT AUDIT CONDUCTED AT THE TIME OF NATIONALIZATION BY AXUM ACCOUNTANTS AND EAL SHOWED A NET WORTH OF \$78,000 WHEREAS THE PRINCIPAL OWNER FILED A CLAIM FOR \$367,479 AND SPECIFICALLY TAKES ISSUE WITH CERTAIN PARAGRAPHS IN THE AUDIT. MOREOVER, HE ADMITTED TO THE AMBASSADOR AND DEPART-

MENT OFFICERS THAT EAL HAD PAID UNSPECIFIED TAX LIABILITIES FOR HIS COMPANY AT THE TIME OF NATIONALIZATION AND ALSO A TAX PENALTY FOR LATE FILING. WHILE HE PROMISED TO PROVIDE ADDITIONAL INFORMATION CONCERNING THESE PAYMENTS AND ADDITIONAL DETAILS SUPPORTING HIS CLAIM, NOTHING HAS BEEN FORTHCOMING SINCE THE MEETING IN WASHINGTON IN JUNE. IT IS LESS LIKELY THAT THERE ARE UNPAID TAX LIABILITIES WITH REGARD TO THE OTHER AIRCRAFT SINCE THEY WERE OPERATED BY MISSIONARIES, TO THE BEST OF OUR KNOWLEDGE, ALTHOUGH THE AIRCRAFT IN CLAIM 14 MAY HAVE BEEN USED FOR COMMERCIAL PURPOSES.

2. TCHAKERIAN'S CLAIM (NO. 4). THE ONLY INFORMATION THE EMBASSY HAS CONCERNING THIS CLAIM IS A COPY OF A LETTER OF FEB 3, 1977, FROM MR C. TCHAKERIAN, THE JOINT OWNER WITH HIS BROTHER, V. TCHAKERIAN, OF A COMMERCIAL PRINTING PRESS IN ADDIS ABABA AND TWO RESPONSES, ONE FROM THE COMPENSATION COMMISSION AND THE OTHER FROM THE SUCCESSOR COMPANY, ETHIOPIAN PRINTING CORPORATION. THE COMPENSATION COMMISSION MERELY NOTES THAT "THE AMOUNT OF THE COMPENSATION DUE TO THE EX-OWNERS WILL BE FIXED THROUGH NEGOTIATIONS. YOU WILL IN DUE COURSE BE INFORMED OF THE PROGRESS OF THE COMMISSION." IT IS NOT APPARENT THAT MR TCHAKERIAN EVER FILED A FORMAL CLAIM IDENTIFYING THE AMOUNT OF MONEY TO WHICH HE BELIEVED HE AND HIS BROTHER WERE ENTITLED. IT IS BELIEVED THAT THE DEPT SHOULD MAKE EVERY EFFORT TO REACH MR TCHAKERIAN AND DEVELOP ADDITIONAL INFORMATION CONCERNING THIS CLAIM. WHILE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 ADDIS 03503 01 OF 02 101344Z

THERE IS STILL NO TIME LIMIT FOR THE FILING OF CLAIMS, NO PROGRESS CAN BE ANTICIPATED ON THIS CLAIM WITHOUT FURTHER ACTION BY THE OWNERS.

3. CONTINENTAL HOMES (CLAIM NO. 5). THIS CLAIM HAS BEEN THE SUBJECT OF ADDIS 3350 AND A0036. THE EMBASSY BELIEVES THAT CONTINENTAL HOMES DOES NOT HAVE A VALID CLAIM FOR COMPENSATION.

4. GORDON DELVALLE (CLAIM NO. 6). THIS CLAIM, FOR \$5,000 WORTH OF FARM EQUIPMENT, WILL BE VERY DIFFICULT TO SUBSTANTIATE BECAUSE MR DELVALLE, WHO STILL LIVES IN ADDIS AND WORKS FOR THE UN ECONOMIC COMMISSION FOR AFRICA, HAS FRAGMENTARY RECORDS. IT WOULD BE AN EASY CLAIM TO SETTLE AS AN EX GRATIA MATTER, BUT FOR THE FACT THAT THERE ARE DOZENS IF NOT HUNDREDS OF ITALIAN CLAIMS WITH AS MUCH VALIDITY AND DOCUMENTATION.

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 ADDIS 03503 02 OF 02 101351Z
ACTION AF-10

INFO OCT-01 ISO-00 L-03 EB-08 TRSE-00 FCSC-01 COME-00
OMB-01 CIAE-00 INR-10 NSAE-00 AID-05 SCS-06 CA-01
/046 W

-----027442 101422Z /46

R 101235Z AUG 78
FM AMEMBASSY ADDIS ABABA
TO SECSTATE WASHDC 9348

LIMITED OFFICIAL USE SECTION 2 OF 2 ADDIS ABABA 3503

5. ETHIOPIAN-AMERICAN COFFEE CO. (CLAIM NO. 7). THE EMBASSY IS ATTEMPTING TO PURSUE THE NATURE OF THIS CLAIM WITH THE TWO PRINCIPALS WHO ARE BELIEVED TO STILL BE RESIDENT IN ETHIOPIA. THE EMBASSY HAS HAD LITTLE COMMUNICATION WITH THESE GENTLEMEN IN RECENT YEARS, BUT UNDERSTANDS THAT THE SMALL UTILITY COMPANY OF WHICH THEY WERE MAJORITY SHARE-HOLDERS IN KAFFA PROVINCE WAS RETURNED TO THEIR MANAGEMENT CONTROL AFTER BEING TEMPORARILY PLACED UNDER GOVERNMENT CONTROL. THE FACTUAL SITUATION IS SHAKY AT BEST AND NO OFFICIAL CLAIM HAS APPARENTLY BEEN FILED.

6. ETHIOPIAN LIVESTOCK DEVELOPMENT CO. (CLAIM NO. 11). THE AMERICAN INTEREST WAS SOLD TO GERMAN PRINCIPALS AND THE CLAIM IS NO LONGER AN AMERICAN CLAIM (ADDIS ABABA 3139).

7. MINORITY INTEREST CLAIMS. WHILE CLAIMS 10 AND 12 DO NOT HAVE GONZALEZ AMENDMENT IMPLICATIONS, THEY APPEAR TO BE VALID CLAIMS WHICH THE USG MUST CONTINUE TO PURSUE UNDER ARTICLE 8, PARAGRAPH 2, OF THE TREATY OF AMITY AND ECONOMIC RELATIONS SIGNED AT ADDIS ABABA ON SEPT 7, 1951. THESE CLAIMS WILL UNDOUBTEDLY BE VERY DIFFICULT TO SOLVE BECAUSE OF THE LARGE NUMBER OF SHAREHOLDERS AND THE DIVERSITY OF COMPANY SHARES FOR WHICH COMPENSATION IS SOUGHT IN CLAIM NO. 10, INCLUDING ONE COMPANY IN WHICH THE EMPEROR IS REPORTED TO

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 ADDIS 03503 02 OF 02 101351Z

HAVE HAD SUBSTANTIAL HOLDINGS.

8. ETHIOPIAN SPICE EXTRACTION CO. (CLAIM NO. 13) HAS BEEN THE SUBJECT OF EXTENSIVE CORRESPONDENCE, INCLUDING ADDIS ABABA 3458.

9. ETHIO GUM/MILLE FARMS (CLAIM NO. 17). THE EMBASSY'S OPINION ON THESE CLAIMS IS CONTAINED IN ADDIS ABABA 3102. THERE IS NO EARLY PROSPECT OF ANY COMPENSATION ON THIS CLAIM.

10. MOSVOLD CO. (CLAIM NO. 18). THIS CLAIM WAS THE SUBJECT OF ADDIS ABABA 3076 AND IS A RED FLAG TO THE ETHIOPIAN GOVERNMENT.

11. MISSIONARY CLAIMS. CLAIMS 20 AND 21 WERE THE SUBJECT OF ADDIS ABABA 3114. THE EMBASSY IS IN RECEIPT OF A LETTER FORWARDED BY THE DEPT FROM THE LUTHERAN WORLD FEDERATION IN GENEVA CONFIRMING THAT THERE IS NO AMERICAN INTEREST IN CLAIM NO. 20. THE EMBASSY WOULD APPRECIATE THE DEPT PURSUING WITH THE SEVENTH DAY ADVENTISTS THAT THE ZEWDITU HOSPITAL (CLAIM NO. 21) WAS A SUBSIDIARY OF THE BRITISH ADVENT MISSIONS AND THAT THERE IS NO AMERICAN INTEREST.

12. MAJOR AMERICAN CORPORATE CLAIMS. THE EMBASSY HAS VIRTUALLY NO DETAILED INFORMATION ON CLAIM NO. 1 (FIRST NATIONAL CITY BANK INTEREST IN THE ADDIS ABABA BANK); CLAIM NO. 8 (AMERICAN INTERNATIONAL GROUP PARTICIPATION IN ETHIOPIAN-AMERICAN LIFE INSURANCE CO.) AND THE SINGER SEWING MACHINE CO. (CLAIM NO. 23).

A. THE EMBASSY HAS FRAGMENTARY DATA CONCERNING THE STERLING DRUG CO. CLAIM (NO. 22), BUT IS UNCERTAIN AS TO THE PRESENT STATUS. THERE IS SOME ACTIVITY CURRENTLY UNDERWAY AT THE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 ADDIS 03503 02 OF 02 101351Z

STERLING PLANT IN ADDIS, BUT WHETHER THIS IS WITH THE KNOWLEDGE OF THE AMERICAN CO. OR NOT, THE EMBASSY IS ATTEMPTING TO DISCOVER. PRIMA FACIE, ALTHOUGH THE EMBASSY HAS LIMITED INFORMATION, THE STERLING DRUG CLAIM MAY BE THE EASIEST TO SETTLE BECAUSE THE COMPANY HAD NOT YET GONE INTO OPERATION WHEN IT WAS NATIONALIZED. THE INVESTMENT COST IS FAIRLY WELL DOCUMENTED AND PROBABLY AS GREAT DETAILS AS THE PMGSE REQUIRES ARE AVAILABLE. IT IS NOT KNOWN, HOWEVER, WHETHER STERLING PREFERS TO TRY TO OPERATE AS A MINORITY SHAREHOLDER, AS CROWN AND SEAL DOES BELOW. SUGGEST DEPT QUERY COMPANY HEADQUARTERS ON THIS POINT. ALTERNATIVELY, WOULD COMPANY BE PREPARED TO SEND A REPRESENTATIVE OR REPRESENTATIVES TO NEGOTIATE COMPENSATION SETTLEMENT AS EARLY AS LAST WEEK IN AUGUST, IF BY SOME MIRACLE PMGSE SHOULD DECIDE TO MAKE SIGNIFICANT PROGRESS STILL THIS US FISCAL YEAR?

B. MOBIL OIL: MOBIL OIL COMPANY, ALONG WITH THE OTHER THREE FOREIGN OIL COMPANIES IN ETHIOPIA, APPEARED BY NAME ON THE ORIGINAL FEB 3, 1975, LIST OF NATIONALIZED COMPANIES, BUT THE PMGSE FOUND THE INTERNATIONAL OIL COMPANIES TOO COMPLEX TO SWALLOW. THEREFORE BY LETTER OF DEC 12, 1975, THE MINISTRY

OF COMMERCE AND INDUSTRY ADVISED MOBIL AND THE OTHER OIL COMPANIES THAT THEY WERE TO CONTINUE TO OPERATE AS BEFORE, INDEPENDENTLY AND WITHOUT GOVERNMENT PARTICIPATION.

EMBASSY COMMENT: THIS, IN A SENSE, REPRESENTS SOME SIGNIFICANT PROGRESS AT ONE TIME IN THE PAST IN SETTling AN AMERICAN NATIONALIZATION CASE IN ETHIOPIA. MOBIL'S ASSETS ARE PROBABLY THE LARGEST OF ANY AMERICAN-OWNED CORPORATION NATIONALIZED, BUT THE COMPANY WAS EXCLUDED FROM THE LIST IN THE ENCLOSURE TO A-0014 BECAUSE THE COMPANY HAD ALREADY REVERTED TO PRIVATE CONTROL BY THE TIME THIS LIST WAS PREPARED.

C. CROWN CORK AND SEAL COMPANY IN THE PAST INFORMED THE EMBASSY THAT IT DID NOT INTEND TO FILE A CLAIM AND THAT IT WAS ENDEAVORING TO CONTINUE TO OPERATE AS A MINORITY SHARE-LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 ADDIS 03503 02 OF 02 101351Z

HOLDER OF ITS ETHIOPIAN SUBSIDIARY. WE BELIEVE THAT UNDER THE CIRCUMSTANCES THE CLAIM (NO. 9) SHOULD BE DROPPED FROM THE LIST OF CLAIMS.

13. IT IS PROPOSED THAT THE AMBASSADOR AND AN APPROPRIATE REPRESENTATIVE OF THE LEGAL ADVISER'S OFFICE VISIT CITY BANK, NEW YORK; AMERICAN INTERNATIONAL GROUP, NEW YORK; WHITE AND CASE, NEW YORK; NAREX COMPANY, NEW YORK; STERLING COMPANY, NEW YORK, AS WELL AS CROWN CORK AND SEAL COMPANY, PHILADELPHIA, DURING THE FIRST PART OF THE WEEK OF OCT 16; AND IF THE DEPT CONCURS, IT IS REQUESTED THAT APPOINTMENTS BE MADE EITHER DIRECTLY OR THROUGH BCIU.
CHAPIN

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CLAIMS, NATIONALIZATION, COMPENSATION
Control Number: n/a
Copy: SINGLE
Draft Date: 10 aug 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978ADDIS03503
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780327-0889
Format: TEL
From: ADDIS ABABA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780876/aaaacjja.tel
Line Count: 258
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: c1b55b65-c288-dd11-92da-001cc4696bcc
Office: ACTION AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 03 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1773707
Secure: OPEN
Status: NATIVE
Subject: CURRENT STATUS OF US COMPENSATION CLAIMS IN ETHIOPIA SUMMARY. THIS TELEGRAM SUMMARIZES THE CURRENT STATUS OF EACH AMERICAN COMPENSATION CLAIM IN ETH IOPIA PRESENTLY
TAGS: EINV, ET, US
To: STATE
Type: TE
vdkgvkey: odbcc://SAS/SAS.dbo.SAS_Docs/c1b55b65-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014